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FOREIGN SERVICE DESPATCH

773.5-MSP/11-1356

FROM : AMEMBASSY TRIPOLI

194 DESP. NO. 11-21-56

TO : THE DEPARTMENT OF STATE, WASHINGTON. DATE November 13, 1956

REF : Embassy Despatch No. 12, July 12, 1956

For Dept. Use Only	ACTION	DEPT.
	NEA-4	INFO RMR-2, Rep-2, OIR-6, E-4, ICA-10*, Amb-1
	REC'D 11/19	OTHER CIA-12, OSD-4*, JTR-3*, Army-4, Navy-4

SUBJECT: Libyan-American Reconstruction Commission: 13th Meeting

THIS DOCUMENT MUST BE RETURNED TO THE RM/R CENTRAL FILES

Joint Embassy/USOM Message

The Embassy/USOM transmit as Enclosure No. 1 the minutes and other documents pertaining to the thirteenth meeting of the Libyan-American Reconstruction Commission (LARC), held on Saturday, June 9, 1956.

The long delay in the availability of the minutes and relevant documents was caused by the absence of the Executive Director on three months home leave. The Department/ICA have, however, been advised of developments in regard to the major items taken up in the 13th meeting; i.e., the Council of Ministers' approval of the organization of the Libyan-American Joint Services, the organization of a Development Council, the designation of the Joint Services as action agencies for LARC projects, and the signing of project agreements for LARC projects financed from ICA 1955/56 development assistance funds.

In connection with the Program Financial Analysis of April 1, 1956 (Appendix III), it should be understood that the so-called "New Program 1956-57" was only a tentative one. The projects actually authorized (funds earmarked and/or allotted) for 1956-57 have included those specified at the 12th meeting of LARC, those specified in USOM/L-LARC project agreements, and those specified at the 13th meeting. A program status report as of September 30, 1956 (to be transmitted separately) is now available showing all earmarkings, allotments, and transfers to that date.

The slight altercation between Mr. Pitt Hardacre and Mr. Sicely at the 13th meeting (paragraphs 25, and following, of the Minutes) reflects the somewhat uneasy relations between the Federal Government and the Provincial Administrations. The Federal Government's determination to keep the control of the allocation of development funds in its own hands sometimes presents difficult problems to LARC (and the USOM/L Joint Services) in the achievement of proper coordination with the various operating departments of the Provincial Administrations. Such coordination is essential because of the fact that the Provincial Administrations actually operate most of the governmental services in Libya, particularly in the fields of agriculture, health, and education. In the present instance, although Mr. Pitt Hardacre took the

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opportunity to remind Mr. Sicely that development was a Federal responsibility, it is also probable that the Tripolitania Executive Council had omitted to inform Mr. Sicely of certain project decisions it had taken during Mr. Sicely's absence on home leave. A lack of coordination between Provincial agencies is not unknown in Libya.

For the Ambassador

Rodger P. Davies

Rodger P. Davies
Counselor of Embassy

Enclosures: 1

1. Minutes of LARC 13th Meeting, June 9, 1956, and Appendixes I - V

Cleared in draft with
USOM: MJGordon

cc: Benghazi

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LIBYAN-AMERICAN RECONSTRUCTION COMMISSION

MINUTES OF THE THIRTEENTH MEETING OF THE LIBYAN-AMERICAN RECONSTRUCTION COMMISSION HELD ON SATURDAY JUNE 9, 1956 IN THE LARC CONFERENCE ROOM

Present:-

Chairman - Essayed A.R. Shaglouf, Permanent Under Secretary Ministry of Finance.

Members - Essayed Khalil el Rais - Director General, Ministry of Communications
Essayed Mohamed Faituri - Asst. Financial Secretary Admin. of Cyrenaica
Mr. Marcus J. Gordon - Director, USOM/Libya
Mr. Frederic K. Lundy - Economic Officer, American Embassy.

Absent Essayed Fouad Kabazi - Deputy General Manager L.P.D. & S.A.

Office of Executive Director - Mr. Erwin C. Hannum - Executive Director
Essayed Omar Yacoub - Deputy Executive Director
Mr. Wm. S. Coupe - Management Engineer
Mr. W. Denny - Regional Representative, Benghazi
Mr. Mufid Abu Hijleh - Translator
Mrs. Y. Cavalli - Secretary

Others - Mr. C. Pitt Hardacre - G.O.L.
Sir Arthur Dean - L.P.D. & S.A.
Mr. Harry L. Spence - U.N.T.A.B.
Mr. Houston D. Crippen - USOM/L
Mr. Floyd Larson - USOM/L
Mr. E.M. Sicely - Admin. of Tripolitania
Essayed Mohd. Sayed Ahmed - Admin. of Tripolitania
Mr. Russell Drake - I.C.A. Washington
Mr. D.A. Lury - E.P.C.

MINUTES OF PREVIOUS MEETING:

1. These were approved.

COMMENTS BY CHAIRMAN

2. Essayed Shaglouf welcomes the observes. The new Deputy Director of Agriculture, Tripolitania, Essayed Mohamed Sayed Ahmed, Mr. Lury of the staff of the Economic Planning Committee and Mr. Russell Drake from the International Cooperation Administration, Washington, D.C. He said that Mr. Hannum was going to the United States on leave and Essayed Omar Yacoub, Deputy Executive Director, will be Acting Executive Director in Mr. Hannum's absence and he will be assisted by Mr. Crippen the new Deputy Director of USOM/Libya. He was grateful to Mr. Gordon who is making Mr. Crippen's services available to L.A.R.C. during this period.

3. He asked Mr. Pitt Hardacre to brief the Commission on the decision taken recently by the Council of Ministers regarding the Libyan-American Joint Services.

4. Mr. Pitt Hardacre read the following letter from the Permanent Under Secretary of Finance to Mr. Gordon dated June 8, 1956 which reported the recent action by the Council of Ministers:-

> " With reference to the various discussions we have had recently regarding Joint Services, I am pleased to inform you that the Council of Ministers has taken policy decisions regarding the operations of Joint Services and the matter of Co-directors. These decisions include the following:-
>
> 1. The Country Director USOM and the Permanent Under Secretary, Finance to be the Chief and Supervising Co-Directors of Joint Services and the Co-ordination.
>
> 2. (a) The Director-General of Health
> (b) The Director-General of National Economy
> (c) The Director-General of Education and your corresponding Experts to be the Co-directors in their appropriate fields of activity subject to 1. above.
>
> 3. A Joint Service office to be opened in each Province, responsible, subject to the supervision of 1 + 2 above, for the actual operations of Joint Services in that Province. Details of organisation of these offices will be settled between us.
>
> 4. Where appropriate and convenient, L.A.R.C., at its discretion, may designate Joint Services as Action Agency for certain L.A.R.C. projects. "

He said this decision will allow the experts provided by USOM to be more closely integrated in Government Departments.

5. The Second decision taken by the Council of Ministers is in respect of the establishment of a "Development Council" to replace the existing Economic Planning Committee. He read the following paper:-

" " THE ORGANIZATION OF A DEVELOPMENT COUNCIL

The last four years have seen an extraordinarily rapid growth in the efforts made to accelerate the economic development of Libya. There has been a steady rise in the number of experts and advisers provided by international and bilateral agencies, the funds available to the Government have been continuously enlarged as a result of the treaties signed successively by the Libyan Government with the United Kingdom, the United States, the French and the Italian Governments, while the Government's own resources - not only financial - have been increasingly directed towards the country's development. While initially the reconstruction and repair of war damage was a prime necessity, it has now become possible for the Government to launch ambitious projects for the improvement of agriculture, the encouragement and assistance of trade and commerce and the exploration of the country's other limited resources as well as the improvement of the health and welfare of the Libyan people.

There is, moreover, every prospect that this expansion will be sustained. It will gain further impetus from the creation of new agencies such as the Libyan-American Joint Services, the expanding work of the Libyan-American Reconstruction Commission and, on the Government's side, the National Bank and the Agricultural Credit Bank, which now complement the efforts of the older agencies, the Libyan Public Development and Stabilisation Agency and the Libyan Finance Corporation. The Government, for its part, has by

the preparation and introduction of new legislation, e.g. in respect of co-operatives, provided improved conditions or facilities or has removed obstacles to the process of development; in the Provincial Administrations new initiatives are being taken. And, in the field of private capital, there is evidence of increased interest in the future prospects of the country; while the results of the prospecting activities of the several oil companies cannot yet be foreseen, such ventures as the promotion of a Libyan National Airline suggest that private capital and know-how will not be lacking for worthwhile undertakings.

Hitherto, the general control and direction of all these developmental activities has not caused difficulty. In the first place the reconstruction needs were so great that the country's essential requirements were manifest and, in the second, the small group of officials responsible could, through personal contact, avoid duplication and divergent policies. Moreover, blueprints had been prepared based on reports by earlier teams of experts organized by the United Nations and its specialized agencies which provided a sound initial basis for the disposition of the then limited resources.

The stage is, however, now being reached when more formal and more authoritative direction will be needed if, by their combined efforts, the several autonomous agencies responsible for providing technical assistance and economic development financing and the organs of government concerned with questions of policy are each in their respective spheres to make the greatest contribution to Libya's progress. This is a stage which has now been reached in most underdeveloped countries and the most widely adopted solution has been the creation of a Development Council occupying a position from which the broadest oversight of the development programme can be obtained. Whether such a body should have executive powers is a matter which depends upon the constitutional arrangements of the Government concerned and the conditions on which its development resources become available. What, however, is of prime importance is that the decisions concerning economic development, when taken, are taken in the light of a clear understanding of the place occupied by any single project in the economy as a whole.

In Libya the Economic Planning Committee has hitherto performed certain of those functions and has provided a focal point for the exchange of information concerning development programmes among the branches of government and the several agencies concerned. With the appearance of new sources of finance, the creation by statute of new and autonomous and the establishment of a Ministry of National Economy, there has been a gradual lessening of the authority and scope of the Economic Planning Committee. A Development Council would naturally assume all the existing responsibilities of the Economic Planning Committee but should have added to it responsibilities in respect of those sectors of the economic development programme which are now outside the scope of the Committee.

There need be no conflict of authority. Such agencies as the Libyan-American Reconstruction Commission have been created by statute and enjoy full authority to dispose of their own resources according to their objectives. Their decisions, however, need to be taken in the light of the concurrent decisions of other agencies enjoying similar autonomy in the disposition of their resources for the benefit of Libya. The need is not for a new organ of decision but for a mechanism which will ensure that all such agencies, when taking decisions, take them within a framework of policy based on the broadest review of Libya's development needs. It would be obviously essential that such agencies should contribute their knowledge and participate in the framing of any such policy.

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A Development Council having such responsibilities would require broad terms of reference, not too large a membership, though one of sufficient rank, and authority to call for information from or offer advice to any institution or agency working in Libya, together with a secretariat sufficiently large and efficient to handle its work. In the following paragraphs draft recommendations are presented covering these requirements.

I. Terms of Reference

A Development Council shall be set up in place of the Economic Planning Committee which shall be dissolved on the establishment of the Council. The Council shall be set up in the Prime Minister's Department. It shall have responsibility for the overall review of economic and social development programmes, the preparation of specific targets and comprehensive plans for future development and for the coordination of the activities in Libya of the several national and international agencies concerned with technical assistance and the financing of economic development. Specifically, the Development Council shall:-

(1) Maintain a central economic reporting service to (a) assemble basic information concerning Libya's physical and human resources, its income and production, the various factors and problems affecting economic development and (b) prepare analytical studies and recommendations for the guidance of all development agencies;

(2) Prepare development targets initially, and ultimately a comprehensive development programme based on an assessment of (a) Libya's resources and potentialities and (b) the aid, financial and technical, likely to be forthcoming in the future with the objectives of raising standards of productivity and of living by the joint efforts of the Libyan people and their friends and achieving a viable economy in the shortest practical time;

(3) Review the individual projects and programmes relating to Libyan development undertaken by the United Nations Technical Assistance Mission, the United States Operations Mission/Libya (Joint Services), the Libyan Public Development and Stabilisation Agency, the Libyan Finance Corporation and the Libyan-American Reconstruction Commission, in relation to the targets and the comprehensive plan prepared by the Council and advise on any adjustments likely to achieve an earlier or more economical realization of the objectives sought;

(4) Report periodically to the Council of Ministers on the implementation of agency programmes and the achievement of targets with special reference to obstacles and bottlenecks causing delays, with recommendations as to remedial action;

(5) Publish an annual report of its work including a review of the progress and achievements of the development programme.

II. Membership and Operations

The Development Council shall consist of the following five members:-

The Permanent Under-Secretary of the Ministry of Finance, who shall be Chairman
Four officials to be nominated by the Prime Minister:

Ex officio advisers shall be:-

The Director of the United States Operations Mission/Libya
The Resident Representative of the United Nations Technical Assistance Board in Libya.

All members shall be appointed by the Council of Ministers.

(1) Each Ministry and the Wali of each Province shall receive the agenda of ordinary meetings of the Council and may send an observer to such meetings:-

(2) The following agencies and institutions shall receive the agenda of ordinary meetings of the Council and may send an observer to such meetings:-

The National Bank of Libya
The Agricultural Credit Bank
The Libyan Public Development and Stabilisation Agency
The Libyan-American Reconstruction Commission
The Libyan Finance Corporation

(3) The Council shall hold an ordinary meeting not less than once a month; it may hold such extraordinary meetings as it deems necessary.

(4) The Council may establish such Committees and other ad hoc bodies as it requires.

(5) The Council shall submit a periodic report on its work to the Prime Minister.

(6) Programmes for development activities initiated by agencies of the Libyan Government or agencies collaborating with it shall as far as practicable be adopted after the views and recommendations of the Development Council have been considered.

III. Establishment

The Development Council shall have the following officers initially, it being understood that the Libyan counterpart officers being provided will assume the full duties of each position as early as practicable.

1. A Director - to be nominated by the Resident Representative of the Technical Assistance Board in consultation with the Prime Minister and to be appointed by the Council of Ministers on the nomination of the Prime Minister.

2. A Deputy Director of Libyan nationality - to be appointed by the Council of Ministers on the nomination of the Prime Minister.

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3. A Secretary - to be nominated by the Director, United States Operations Mission/Libya in consultation with the Prime Minister and to be appointed by the Council of Ministers on the nomination of the Prime Minister.

4. A Deputy Secretary of Libyan nationality - to be appointed by the Council of Ministers on the nomination of the Prime Minister.

5. Such other professional and secretarial staff as the Development Council may decide is necessary for its work - to be appointed by the appropriate Libyan authority.

In respect of their official duties the two nominated officers (Position 1 and 3)above shall be responsible to the Development Council only; their salaries will be paid by the organizations assigning them.

The duties of these officers shall in general be as follows:-

The Director shall be responsible for planning and organizing the work of the Council, preparing in consultation with the Chairman the agenda and documentation for its meetings and for the transmission of its recommendations to the Departments, Provincial Authorities and agencies concerned.

The Secretary shall be responsible for the records of the Council's meetings, the supervision of the research needed and the management of day-to-day business arising from the Council's work. "

6. Mr. Pitt Hardacre commented that this is no Action Agency. There is no question of it interfering with any existing Agency. It is merely advisory and has no executive authority. He said Mr. Harold Caustin will be made available by the United Nations to be Director.

7. Mr. Hannum I would like to make a couple of comments in view of the fact that I will be in the United States when this Development Council starts functioning. As the Executive Director of L.A.R.C., I welcome this action. This Council can provide a needed function of providing a central place where economic data can be compiled and analyzed. This should result in clear objectives for economic development of Libya which will be a guide in the selection of projects. As a result it will be possible to make recommendations so that the total development projects in Libya fit into a total pattern. This can be most constructive and the L.A.R.C. programming will certainly tie in with it. Another comment that I wish to make is, as the Development Council develops it should maintain its emphasis on the overall economic program. This means collecting basic data and developing objectives which are continually up to date reflecting accomplishments and new needs. This is a major point in looking at the program as a whole. It is my opinion that such a coordination group should not go into the details of each project at any stage. It should not be concerned with progress on individual projects, because if it does it will inevitably become involved in operations and not have time to do the major task which it is assigned. This is a most significant kind of program and the compilation of reports on what projects are on what stage should be left to the Organisations executing these projects. I think it is most important that as it develops this distinction be kept clearly in mind.

8. Sir Arthur Dean I agree very definitely that some overall coordination of the activities of the various organizations dealing with development is required, and it does seem to me that what is being set up will meet that point.

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9. Mr. Gordon It would be desirable for the emphasis to be on planning and collection of information and advice, rather than on review of projects and coordination of such.

10. Mr. Pitt Hardacre That is the intention of the Council of Ministers in setting up this Development Council. There is no question of interfering with any existing agency's work. I am sure you all have confidence in Mr. Caustin as being a man with an objective mind and there will be no question of him getting in your way.

REPORT AND ACTIONS REGARDING LIBYAN-AMERICAN JOINT SERVICES AS ACTION AGENCIES

11. Mr. Hannum The amount of material that is being presented to-day is not only to keep you up to date with the program, but also to take required actions prerequisite to additional funds being made available by June 30 and also to take actions that will facilitate operations during the coming months in view of the fact that the Chairman and others are departing shortly for the remainder of the month, and I will be leaving on June 16 for three months home leave.

12. The item we will now take up is a follow up action on the report given by Mr. Pitt Hardacre with regard to the action of the Council of Ministers on designation of the Libyan-American Joint Services as Action Agencies for L.A.R.C. This is to identify specifically the projects which are considered to go in that designation. I have not discussed this with Mr. Gordon but I trust that this action is acceptable to him. He went through the report.

13. It was agreed to cross out "Establishment of University"
This should remain with the Ministry of Education as Action Agency.

"Islamic Arts and Crafts School"
This project is finished.

"Veterinary Services A9T - A9C & A9Ca"
The Joint Services do not anticipate participation in Veterinary projects. They remain with the Nazirates of Agriculture as Action Agencies.

14. It was also agreed to term the project "E9T Wadi Megenin" to read:
"E9T Wadi Megenin Flood Control Headwaters"

15. The statement listing the projects for which the Libyan-American Joint Services would be the Action Agencies was approved with the above changes (Appendix I)

PROJECT AGREEMENTS REGARDING $5 MILLION DEVELOPMENT ASSISTANCE

16. Mr. Hannum read the statement in this connection and said that twelve of these project agreements had been reviewed and were ready for signature. They will not require any further specific Technical Committee action.

17. Mr. Pitt Hardacre For the thirteenth and fourteenth agreements which are not ready the Chairman should designate somebody to sign on his behalf, as he is leaving to-morrow.

18. Essayed Shaglouf I could designate the Executive Director.

19. Mr. Gordon I think it is better to have a Libyan official rather than someone seconded by us to the Libyan Government.

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20. Essayed Shaglouf Then the Deputy Executive Director, Ess.Omar Yacoub can sign.

21. Mr. Gordon said he had sent a list of the projects, which were taken from the six year plan, to Washington which has in turn cabled accepting these. This does not mean that we cannot make changes, but we do have the approval for the fourteen projects which we are putting forward. As regards the delegation of authority to sign these agreements I think we should have a statement by the Prime Minister authorizing the Chairman of L.A.R.C. to sign the agreements on behalf of the Libyan Government. The Chairman of LARC will in turn delegate the authority ot Mr. Omar Yacoub, Deputy Executive Director.

22. Mr. Pitt Hardacre I think that statement by the Prime Minister can be signed by the Permanent Under Secretary, Ministry of Finance. He is the person responsible. Formerly it was the Minister of Finance, but it is now the Permanent Under Secretary. This decision was taken at the last meeting of the Council of Ministers. You can have that written statement from the Minutes of the Meeting of the Council of Ministers.

23. Specific action was taken that the Deputy Executive Director of LARC Essayed Omar Yacoub, will sign the agreements in the absence of the Chairman, who was authorized to sign for the Commission at the previous meeting.

PROGRAM FOR FISCAL YEAR 1956/57 - EARMARKINGS AND ALLOTMENTS

24. Tripoli Power Plant (Appendix 2)

This was approved. The Executive Director adds the note for the record that an agreement was signed by him with Westinghouse Electric Co. for the Engineering Survey on the Tripoli Power expansion in accordance with the action of the Commission by circularization to members. See Appendix 2a.

25. Mr. Hannum Before going into the new Earmarkings and Allotments it is worth glancing at the large chart entitled "Program Financial Analysis as of April 1, 1956" (Appendix 3) to have an idea of how the program stands. In order that activities can progress during the coming months, it is necessary to have Earmarkings and Allotments on some of the various projects. He then read from the paper entitled "1956/57 - Earmarkings and Allotments" Appendix 4.

26. Mr. Sicely I do not believe that some of these projects have gone through the Technical Committee. This means that it has not been possible to refer them to the Government organizations who are interested, before taking them up at the Commission. I refer especially to my Executive Council and Nazirate. My Executive Council has instructed me that all development projects, in the field of agriculture, whether financed by LARC or others, should be passed to them for approval before they go to this Commission. Therefore, I am afraid the Commission is being asked to take action on projects which have not been approved by the Executive Council.

27. Mr. Pitt Hardacre You are out of date. The Federal Government has decided that the Development of Libya is a Federal responsibility. The Provinces have been consulted and whatever is now being put forward is a result of meetings with people designated by the Provinces.

28. Mr. Sicely I am sorry but I have had instructions and I wish this to go on record. Some of these projects are completely new to me and no discussion has taken place with the Nazirate of Agriculture.

29. Mr. Hannum These items were in the February submittal to the Federal Government from the Executive Councils of the three provinces and were referred to L.A.R.C. which acted in February.

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30. Mr. Sicely We would wish that the projects be in fact initiated within the Administration and then passed to the Commission.

31. Mr. Gordon As the cooperation of all concerned is going to be extremely important I would suggest that perhaps the Technical Subcommittee could present everything that has been approved by L.A.R.C. to the Executive Councils. If they have any suggestion for change they could make a request to L.A.R.C. for adjustments.

32. Mr. Pitt Hardacre This money is not being transferred, it is merely making certain that money is available. It is safeguarding the interests of the Nazirates. I cannot see any difficulty at this stage, it is merely making certain that there will be money available for these projects.

33. Essayed Shaglouf I think the idea in Mr. Sicely's mind is that he probably wants to come up with a higher amount for livestock improvement. We can say that if he has any further request, he may submit it and it will be considered through the normal procedure.

34. Mr. Hannum continued reading the various recommendations on Earmarking and Allotment actions.

35. Mr. Pitt Hardacre regarding Project B5 - Water Spreading, this action was a result of action by the Council of Ministers to alleviate distress by unemployment. This project is within the overall planning for the Economic Development of Libya. That is why this figure is included on approval by the Council of Ministers to deal with the unemployment in Libya as are economic development projects.

36. Mr. Hannum On E9 T - Wadi Megenin Flood Control. This should be termed "Headwaters". It should be ready to move in July or August.

37. Mr. Larson A certain amount of planning ought to be done, I hope we might be able to start in September.

38. Mr. Hannum Do you think any allotment should be made?

39. Mr. Larson I would suggest an allotment of £L. 10,000 at this time.

40. It was agreed to allot £L. 10,000 for the Wadi Megenin Flood Control.

41. Mr. Hannum finished reading the recommendations for Earmarking and Allotments. I will read another that has been submitted as a new Item:-

> " The Libyan government has available for office space the area formerly occupied by the Libyan Army (across from present LARC office). This area has been unoccupied for several months, was damaged by the last hail storm, and needs extensive renovation and repairs. The office space has been allocated to various Libyan government Departments including the Ministry of Health and government personnel formerly housed in the castle. In addition, the space will be used by UNESCO, the Libyan-American Joint Services and a British school. Office space would be provided for the four Libyan American Joint Services as well as for the central administrative joint service unit.
>
> The improvement of this area and conversion into office space fulfills a continuing need for proper office space of the Libyan Government.

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In order to renovate the area estimates have been secured as follows:-

Electrical installations	£L. 5,000
Plumbing	5,000
Telephones	3,000
Masonry and painting	3,000
Cabinet, shelf installation	1,000
Structural changes and partitioning	2,000
Soundproofing	1,000
Total.....	£L.20,000

These estimates include the cost of installing a printing press for use by the Libyan government, a theater, film library, camera room and darkroom, photo laboratory, art production room, sound and editing room, conference and display room, graphic arts production room, recreation and club area for government officials as well as approximately one hundred and thirty separate office rooms. Due to the size of the building repair estimates are costly. In addition the building originally was designed as a barracks rather than as office space. Adapting some of the space to office use therefore necessitates extensive modifications of some space areas.

In order to finance this project I recommend that the Libyan government through LARC authorize not to exceed £L. 20,000 to renovate this office building. "

42. Mr. Hannum It has not been reviewed by any of the Subcommittees. I recommend that £L. 20,000 be Earmarked and £L. 10,000 Allotted and that money be transferred when specifications are in hand and approved.

43. Mr. Gordon There is no recommendation as far as Action Agency is concerned and I do not know what department of the Government should go ahead with this. It would be extremely helpful if we could have the Joint Services properly housed. We would also have an office for Mr. Shaglouf where we hope he could spend some time.

44. Essayed Shaglouf We could designate the L.P.D. & S.A. as Action Agency.

45. Sir Arthur Dean May be the P.W.D. would be more appropriate.

46. Mr. Pitt Hardacre The P.W.D. is flooded with work.

47. Mr. Hannum For the time being we could work through the Federal Establishments and they could see whether to give it out on contract basis or whether to go through P.W.D.

48. Mr. Pitt Hardacre In that case let the Establishments be the Action Agency and they can make their own arrangements with the P.W.D.

49. This was agreed

50. Mr. Gordon I hope they can move ahead as soon as possible.

51. Essayed Shaglouf What is the position with the Islamic Arts and Crafts School?

52. Mr. Hannum We are awaiting a report from the Nazirate of Finance on this subject. It needs further study.

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53. Essayed Shaglouf Can you allot something for the time being?

54. Mr. Hannum On the basis of information we have we could Earmark £L.10,000 subject to the report coming in and recognizing that no transfers will be made until further analysis of the plan.

55. This was approved.

56. The Earmarking and Allotment Actions submitted have all been approved with the above modifications and additions.

ADMINISTRATIVE BUDGET

57. Mr. Hannum submitted the Administrative Budget Papers (Appendix 5) and said that this anticipated a total expenditure of £L. 67,000 for fiscal year 1956/57 for both the Tripoli and Benghazi offices. The recommendation was for Earmarking and Allotment of £L. 67,000 for the Administrative Budget for 1956/57. This sum included the £L. 10,000 already approved for the first three or four months of this fiscal year.

58. This was approved.

RULES OF PROCEDURE

59. Although this item appeared on the Agenda, in view of the lateness of the hour and current developments it was left for discussion at a later meeting.

The Meeting adjourned 12.30 a.m.

AS APPROVED AT
THE 13TH MEETING

LIBYAN-AMERICAN RECONSTRUCTION COMMISSION

REPORT AND ACTIONS REGARDING LIBYAN- AMERICAN JOINT SERVICES AS ACTION AGENCIES.

It is understood that final action has been taken by the Government of Libya which will make it possible for the Libyan-American Joint Services in Agriculture, Natural Resources, Health and Education to get organised and into full operation with the Federal and Provincial Governments. Accordingly, it is proposed and recommended that L.A.R.C. projects falling within the subject matter of the four joint services be handled under the appropriate joint service as Action Agency for L.A.R.C.

Specifically this means that the Libyan-American Joint Service for Agriculture would be the Action Agency for L.A.R.C. for each of the following projects and such additional ones as may be approved by the Commission:-

A1T Livestock Improvement
A14T Stud Centers & Forage Reserves
A15T Livestock Facilities
A16T Modernize Dairy
A1Ta Fodder Production
A1Tb Livestock & Range Management
A1C Livestock Improvement
A1Ca Livestock Improvement (Poultry and Oxen)
A17C Wool Washing Plant
A13F General Agriculture
A26C Agriculture Transport Equip.Cyren.
A18C Land Settlement, ENTE Properties
A18Ca ENTE Farms - Renovate

A2T Soil Conservation & Management
A2C Soil Conservation & Management
A23C Range Management & Forage Production.
A3T Afforestation
A3Ta Nursery Production
A3C Afforestation
A7T Agriculture Extension Training
A7Ta Agriculture Extension Scheme
A7C Agriculture Extension Training
A8C Horticultural Nurseries
A19T Area Development
A12T+C Soil Survey, Tript. & Cyren.
A24C Agriculture Bldg. - Cyren.

The Libyan-American Joint Service for Natural Resources would be the Action Agency for L.A.R.C. for each of the following projects and such additional ones as may be approved by the Commission:-

B1L Groundwater Investigation and Test Wells
B3C New Irrigation Systems
B7T Irrigation from Springs Wadi Caam
B11F New Irrigation Systems
B5T Water Spreading

B5C Water Spreading
B8C Wadi Gattara
B9C Barce Wadi
B10L Minerals Investigation Program
E9T Wadi Megenin Flood Control - Headwaters (in close cooperation with L.P.D. & S.A.)

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The Libyan-American Joint Service for Education would be the Action Agency for each of the following projects and such additional ones as may be approved by the Commission:-

C1T Agriculture Training Center	C6C Construction of School Bldgs.
C1C Secondary School of Trades	C6Ta Construction of School Bldgs.
C1Ca El Aweila Secondary School	C6Tb Rural Schools
C6T Construction of School Bldgs.	C6Tc T.C.T. Center

The Libyan-American Joint Service for Health would be the Action Agency for each of the following projects and such additional ones as may be approved by the Commission. Action has already been taken by the Commission but the specific projects included under this designation are included here to complete the list:-

D1L Ambulatory	D5La Domestic Water (Urban)
D3L Health Laboratory Facilities	D6L Sanitation (Rural)
D4L Trachoma Equipment	D7L Rehabilitation of Libyan Hospitals.
D8L Tuberculosis Survey	
D5L Domestic Water (Rural)	D9L Tripoli Polyclinic

A Fifth Administrative Joint Service to provide Central Administration facilities and assistance is also included and it has been designated as the Action Agency for L.A.R.C. project F5L - Spare Parts and Tires, wherein the Central Garage provides the central maintenance and upkeep for vehicles of the Joint Services.

Upon designation of the Libyan-American Joint Services as Action Agencies for L.A.R.C. projects, arrangements will be made immediately for the Joint Service to function immediately in such a capacity in relationship with L.A.R.C. for projects which are ready to be started. In those cases where projects are already under way and will continue for some time a transition will be arranged as necessary and appropriate for the change from an Action Agency responsibility presently exercised by a Nazirate in the Province to an Action Agency responsibility exercised by the Joint Service. It should be possible to make such transitions very readily and so facilitate the carrying forward of L.A.R.C. projects.

Arrangements are being made for joint review by L.A.R.C. and the Joint Services of basic policies and procedure with regard to the planning, carrying forward and managing of L.A.R.C. projects. It is anticipated that the requirements of L.A.R.C. for specific procedures will be very slight as far as changes from procedures already contemplated by the Joint Services are concerned.

Erwin C. Hannum
Executive Director

APPENDIX U

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LIBYAN-AMERICAN RECONSTRUCTION COMMISSION

TRIPOLI POWER PLANT - ADJUSTMENT IN RECORDS

The Commission Earmarked £L. 1,000,000 last May for the purchase of the Tripoli Power Plant. Later, £L. 700,000 was Allotted for the initial payment. L.A.R.C. also Allotted £L. 150,000 to be available on a loan basis for operating funds. Recently, L.A.R.C. Earmarked and Allotted £L. 200,000, also to be available as a loan, to take care of the purchase of the stores that were on hand at the time of the purchase. That is the current situation. It is proposed in order to get our records straightened out that adjustments be made in accordance with the attached chart. It calls for a new Earmarking of £L. 130,000 to be added to the £L. 1,000,000 already Earmarked. It also calls for an Allotment of the full Earmarked amount of £L. 1,130,000. This is a change in Earmarking of £L. 130,000 and in Allotment of £L. 430,000. For Operating Costs, there is a new Earmarking and Allotment of £L. 150,000 because this amount had been taken out of the original Earmarked One Million Pounds. This new Earmarking and Allotment of £L. 150,000 is on a loan basis. Earmarking and Allotment of the £L. 200,000 has already been taken care of for the purpose of the stores.

IT IS RECOMMENDED that these changes be approved.

Erwin C. Hannum
Executive Director

June 7, 1956.

TRIPOLI ELECTRIC POWER

CURRENT SITUATION	EARMARKED £L	ALLOTTED £L	TRANSFERRED £L	CHANGE £L
F3T For Purchase	1,000,000	700,000	700,000	
For Operations (Loan)		150,000	150,000	
For Purchase Stores (Loan)	200,000	200,000		
PROPOSED				
F3T For Purchase	1,130,000	1,130,000		New 130,000 E. New 430,000 A.
F3Ta For Operations (Loan)	150,000	150,000		New 150,000 E. New 150,000 A.
F3Tb For Purchase Stores (Loan)	200,000	200,000		No Change

TOTAL CHANGES				
	Previous Earmarking	£L 1,200,000	Previous Allotment	£L 1,050,000
	New Earmarking	1,480,000	New Allotment	1,480,000
	Additional Earmarking	£L 280,000	Additional Allotment	£L 430,000

June 7, 1956

ECH

To: Members of the Commission

Tripoli Power, Technical Study

The Council of Ministers has approved a proposal that the Government of Libya sign a Letter of Intent with the Westinghouse Electric International Co. authorizing the company to undertake on behalf of the Government of Libya to obtain financing for the expansion of facilities of the Tripoli Electric Power undertaking. The initial step in obtaining financing will be the preparation of a technical study in great detail, studying what is needed and what is proposed to be accomplished. This will require, in accordance with the terms of the Letter of Intent, a technical team to be sent to Libya by the Westinghouse Co. for such analysis. This team will be despatched right away and will require about $100,000 to complete its task. In accordance with the usual practice it has been agreed that the Government of Libya will set aside 50% of the estimated cost of the study to be available to assure the cost with the Westinghouse Co. This would amount to $50,000.

IT IS RECOMMENDED that the Commission Earmark and Allot $50,000 to be available to defray one half of the cost of sending an engineering team to Tripoli. The specific amount to be paid from the $50,000 will be determined on the basis of sharing costs incurred by the two parties. It will also be part of the agreement that in the event Westinghouse Company is not able to secure financing acceptable to the Government of Libya in accordance with the provisions of the Letter of Intent, the engineering proposals resulting from the study will become the property of the Libyan-American Reconstruction Commission which may use such engineering reports in any manner it desires.

This would be a direct relationship with Westinghouse Electric International Co. by L.A.R.C. in support of the Letter of Intent that would be signed by the Minister of Finance. The availability of this $50,000 immediately is essential to the hasty initiation of the work under the terms of the Letter of Intent.

Erwin C. Hannum
Executive Director

May 26, 1956.

Office of the Prime Minister.

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AN AGREEMENT

between

THE LIBYAN-AMERICAN RECONSTRUCTION COMMISSION
(LARC)

and

THE WESTINGHOUSE ELECTRIC INTERNATIONAL COMPANY

In order to expedite the power program desired for expansion of the facilities of the Tripoli Electric undertaking, as set forth in the Letter of Intent between the Government of the United Kingdom of Libya, and Westinghouse Electric International Company and Williams Brothers Company, dated May 26,1956, it is agreed:-

The Libyan-American Reconstruction Commission has earmarked and allotted Fifty Thousand Dollars ($50,000), to be available to defray one half the costs of sending an engineering team to Tripoli to study all technical phases necessary, to gather data to expand the distribution system and to effectively tie-in the new unit to be installed with the existing equipment in the power plant.

It is understood that this team of engineers will spend approximately 2-4 weeks in Tripoli, and that upon their return to the United States will utilize the data obtained to establish the preliminary design information as may be necessary for the Supplier and the Contractor to supplement their proposals. The supplemental proposal specifications derived, will be utilized to support the requests for financial assistance to implement the development of the power program desired by the Tripolitania electricity undertaking.

In the event the conditions outlined in the Letter of Intent referred to above do not result in a contract, the specific amount to be paid from the Fifty Thousand Dollars ($50,000.00) will be determined on the basis of sharing costs incurred by the two parties of this Agreement.

Furthermore, in the event it is impossible to secure the necessary financial assistance in accordance with the provisions of the Letter of Intent referred to, the engineering proposals resulting from the study which is the subject of this Agreement become the property of the Libyan-American Reconstruction Commission which may use them in any manner it desires.

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This Agreement is entered into by the Libyan-American Reconstruction Commission in accordance with action taken by it at its meeting on May 26, 1956.

The time during which this Agreement shall be effective, will be determined by the time provisions contained in the Letter of Intent referred to herein.

For
WESTINGHOUSE ELECTRIC INTERNATIONAL COMPANY

_____
(Name)

_____
(Title)

_____
(Date)

For
LIBYAN-AMERICAN RECONSTRUCTION COMMISSION

_____
(Name)

_____
(Title)

_____
(Date)

someone seconded by us to the Libyan Government.

RELEASED

LIBYAN-AMERICAN RECONSTRUCTION COMMISSION

1956/57 PROGRAM - EARMARKINGS & ALLOTMENTS

The tabulation entitled "Program Financial Analysis as of April 1, 1956" has been prepared to show the status of the L.A.R.C. projects that were undertaken last year under the $12,000,000 Development Assistance and shows in addition the proposed new programs to be carried forward in the current fiscal year. The tabulation also includes the analysis of source of funds for carrying the new program in this fiscal year. The part of the program that is a continuation of activities started last year will be financed out of carry over from the program commitments under the $12,000,000 funds as shown. The activities to be financed from the new $5,000,000 Development Assistance are also identified. The part of the program that will be financed from additional funds to be made available between now and June 30, 1957, which will amount to an additional $11,000,000 is also indicated.

The new activities to be included in the program this fiscal year are in various stages of recognition. Some of them already have earmarked and allotment actions and are under way. Others are expansions of activities that have been started in the previous year and others proposals on which further plans and specific analysis are to be developed prior to being ready to start or require transfers of funds.

The projects for which Earmarkings and Allotments are now recommended for firm inclusion in this 1956/57 program are presented in the following:-

AGRICULTURE, FORESTRY & FISHERIES

Project A1T Livestock Improvement - Tripolitania

A program amounting to £L. 15,000 was undertaken and has been carried out in Tripolitania for this full amount. It is proposed that this project be carried forward at the same level of expenditure during the coming year.

IT IS RECOMMENDED THAT £L. 15,000 be Earmarked and Allotted for this project in the 1956/57 Program.

Project A1C Livestock Improvement - Cyrenaica

A new program amounting to £L. 18,000 for expansion of the work initiated last fiscal year is proposed in addition to completing with the £L. 4,000 carried over from the £L. 15,000 program of last year. By action of the Commission on May 15, £L. 16,000 of the new program was Earmarked and Allotted. £L. 6,000 is required to complete this project.

IT IS RECOMMENDED THAT £L. 6,000 additional be Earmarked for the 1956/57 activities under this project making a total in this year's program of Earmarking and Allotment of £L. 22,000.

Project A17C - Wool Washing Plant - Cyrenaica

Last year a wool washing plant, Cyrenaica, was planned and construction started, utilizing funds from the Exceptional Budget and £L. 10,000 from L.A.R.C. money to supply equipment. An additional £L. 3,000 for equipment is required and it is proposed that this be added in the 1956/57 program.

IT IS RECOMMENDED THAT £L. 3,000 be Earmarked and Allotted in the 1956/57 program for this project.

Project A2T - Soil Conservation & Management - Tripolitania

Last year £L. 20,000 was Earmarked and Allotted for this activity in Tripolitania. As of April 1, 1956, £L. 14,000 was available to carry forward this activity in this fiscal year. It is proposed that additional work be undertaken amounting to £L. 10,000 making an activity amounting to £L.24,000 for this year. This is in addition to the £L. 10,200 Earmarked at the Tenth Meeting held on February 23rd, 1956.

IT IS RECOMMENDED THAT £L. 10,000 be Earmarked and Allotted for this project in Tripolitania in the 1956/57 program.

Project A3C - Afforestation - Cyrenaica

Last year a £L. 30,000 program was undertaken in Cyrenaica and has progressed very well. It has been proposed that a new program amounting to £L. 95,000 be included in the program for this fiscal year. The proposal has been reviewed by the Technical Committee with the result that it is recommended that some of the details be reviewed and resubmitted to the Sub-committee for further consideration.

IT IS RECOMMENDED THAT £L. 95,000 be Earmarked for the 1956/57 program and £L. 50,000 be Allotted to undertake the parts of the program which are continuation and expansion of current activities.

Project A5L - Grain Silos

An analysis and report was made during the last year which indicated the steps which need to be taken. While specific estimates have not yet been prepared it is indicated that approximately £L. 150,000 will be needed to carry out during this fiscal year the activities proposed.

IT IS RECOMMENDED THAT £L. 150,000 be Earmarked in the 1956/57 program and that £L. 100,000 of this be Allotted at this time.

Project A6L - Food Processing and Cold Storage

£L. 10,000 was made available last fiscal year to undertake study and plans to determine necessary actions on this activity. While the results of such study are not yet available it seems advisable to set aside £L.100,000 for this activity in the 1956/57 program.

IT IS RECOMMENDED THAT £L. 100,000 be Earmarked in the 1956/57 program and that Allotment be determined at a later time.

NATURAL RESOURCES

B5T - Water Spreading - Tripolitania

The activities in this field have been undertaken during the last year with very good results and it is proposed that this be permitted to expand with a sizable amount both as to needs for agriculture and land utilisation with an additional benefit of an employment activity. It is proposed that this amount be considerably stepped up this year.

IT IS RECOMMENDED THAT £L. 265,000 be Earmarked and Allotted as an additional program in the 1956/57 schedule.

B5C - Water Spreading - Cyrenaica

The activities in this field have been undertaken during the last year with very good results and it is proposed that this be permitted to expand to a sizable amount both as to needs for agriculture and land utilisation with an additional benefit of an employment activity. It is proposed that this amount be considerably stepped up this year.

IT IS RECOMMENDED THAT £L. 144,000 be Earmarked and Allotted as an additional program in the 1956/57 schedule.

B9C - Barce Wadi

Certain activities have been undertaken in the Barce Wadi among which is a diversion channel being developed by the Nazirate of Public Works. This was a new pattern added to the original design and it is proposed that £L. 10,000 in addition be made available to complete this work.

IT IS RECOMMENDED THAT £L. 10,000 be Earmarked and Allotted for this item in the 1956/57 program.

B10L - Minerals Investigation Program

A program amounting to £L. 11,350 was initiated last fiscal year. This covered acquisition of equipment and materials, the carrying forward of which requires approximately £L. 20,000. This has been reviewed by the Natural Resources Subcommittee and the Technical Committee which propose that this amount be Earmarked and Allotted.

IT IS RECOMMENDED THAT £L. 20,000 be Earmarked and Allotted for this item in the 1956/57 program.

PUBLIC WORKS

E2L - Fezzan Road

IT IS RECOMMENDED THAT £L, 100,000 be Earmarked and £L. 40,000 be Allotted in the Program for fiscal year 1956/57.

Certain phases of this activity have already been reviewed and are ready to start work.

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E3L - Federal Coast Road

Last July the Commission Earmarked £L. 300,000 for this program in fiscal year 1956/57 program. Two large projects are ready to get under way on this activity and it is recommended that allotment of the full £L.300,000 be made at this time.

E9T - Flood Control - Wadi Megenin

IT IS RECOMMENDED THAT £L. 100,000 be Earmarked for consideration of development of the upper Wadi Megenin area and for consideration of necessary works in the lower area. Allotment ~~to be considered at a luter~~ of £L 9,000 recommended at this time.

E12L - Telecommunications

IT IS RECOMMENDED that £L. 360,000 be Earmarked in accordance with the plans and estimates of the Ministry of Communications. £L. 100,000 of this amount to be Allotted at this time.

E15T - Fire Fighting Equipment - Idris Airport

£L. 23,000 was Earmarked and Allotted late last fiscal year and the new plans have been reviewed by the Technical Committee which proposed that an additional £L. 17,000 be made available to complete this activity.

IT IS RECOMMENDED THAT £L. 17,000 be Earmarked and Allotted for this item in the 1956/57 program.

E18L - Broadcasting

IT IS RECOMMENDED that £L. 120,000 be Earmarked for this activity which is under consideration and for which an estimated schedule has been prepared.

IT IS RECOMMENDED THAT £L. 20,000 of the £L. 120,000 be Allotted at this time.

E24F - Power Plants - Fezzan

It has been proposed that an additional study and program be developed for Power Plants in the Fezzan with an estimated £L. 30,000 requirements.

IT IS RECOMMENDED THAT £L. 30,000 be Earmarked and Allotted in the 1956/57 program at this time.

Erwin C. Hannum
Executive Director

June 8, 1956.

ADMINISTRATIVE BUDGET
1956/57

INTRODUCTORY

In its twelfth meeting held on 15th May, 1956, the Commission took action on the recommendation of the Executive Director approving the Earmarking and Allotment of £L. 10,000 thereby allowing him to incur expenditure for the operation of his office for a few months pending the formulation and presentation to the Commission in a future meeting of an Administrative Budget for the financial year 1st April 1956 - 31st March, 1957, which is submitted herewith for consideration.

The proposed budget before the Commission is based on a 12-months full operation of the office of the Executive Director and has been formulated so as to make provision for the necessary additional temporary technical staff relative to the increasing magnitude of LARC program, Federal and Provincial, especially in the view of the additional economic aid. It also includes the establishment and staffing of a Regional Office in Cyrenaica for which the need was recognized to help the Action Agencies in that province to get going with their development projects.

PERSONAL SERVICES

The provision of adequate assistance in reviewing projects for technical and economic feasibility prior to recommending them for approval and subsequent action is essential and has been increasing in urgency. The provision by the Office of Executive Director of experts to advise on design and other technical considerations, is also an essential part of LARC responsibility and must be provided for if most effective economic development is to take place. Careful handling of bids, analysis of bids and awards of contracts is a prime concern of LARC in the exercise of its responsibility in the custodianship of money for economic development. Qualified, experienced technicians to aid in this work is an essential requirement. Once projects are under way, periodic inspection and assistance to assure that work is being carried out in conformance with specifications and on time, is a major activity of the Office of the Executive Director. Careful, current, significant reports must be received and analysed. This includes financial reports and physical or other progress reports. A small but competent staff is needed to outline simple reporting procedures, maintain records and prepare analyses.

Besides the existing staff, provision has also been made in the Budget to meet salaries, provident fund contributions, detention allowance, and medical and dental treatment for the additional technical staff. This budget contemplates the employment of some experts by contracts with engineering firms.

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OTHER CHARGES

Although the offices of the existing staff have already been equipped, additional coverage for office furniture and equipment, has been included under this category to take care of the number of special temporary staff which will be added to the present strength of the office of the Executive Director. This also applies to other certain items, which will be affected by the increase in personnel, such as transportation, telephones, etc. Provision has been made for office furniture, machinery and equipment for the Regional Office in Cyrenaica which was established during the month of April 1956.

Under maintenance and repairs of office premises, provision has been made for adequate office space in Benghazi for the LARC Regional Office. We have been allocated office space on a temporary basis in the Federal Building. Probably it would not be available to LARC when the Federal Government moves to Cyrenaica, in which case we should look for another site.

The budget as estimated separately for both the main office and the Regional Office in Cyrenaica is summarized hereunder:-

Headings	Main Office	Regional Office	Total
Personal Services	£L.48,650.-	£L. 6,987.-	£L. 55,637.-
Other Services	£L. 8,650.-	£L. 2,713.-	£L. 11,363.-
	£L.57,300.-	£L. 9,700.-	£L. 67,000.-

It is recommended that a total of £L. 67,000 (Sixty Seven Thousand Pounds Libyan) be Earmarked and Allotted, which includes the £L. 10,000 already Earmarked and Allotted. It is pointed out that careful consideration has been given in formulating the Administrative Budget proposed for 1956/57 which is presented here and that it reflects the actual requirements as far as can be visualized.

ADMINISTRATIVE BUDGET 1956/57

SUMMARY

		Main Office Tripoli £L.	Ref. Office Benghazi £L.	TOTAL £L.	GRAND TOTAL £L.
a)	PERSONAL SERVICES				
1.	Salaries and wages	43,500	6,382	49,882	
2.	Provident Fund	3,000	300	3,300	
3.	Detention and disturbance allowance	1,100	255	1,355	
4.	Medical and dental treatment	350	50	400	
5.	Rent and housing allowance	700	-	700	
		48,650	6,987	55,637	55,637
b)	OTHER CHARGES				
1.	Acquisition of office furniture and equipment	1,840	850	2,690	
2.	Heat, light and water	150	50	200	
3.	Telephones	250	100	350	
4.	Postage and telegrams	165	100	265	
5.	Printing & stationery	850	120	970	
6.	Maintenance of library	100	-	100	
7.	Transportation	1,500	180	1,680	
8.	Maintenance of transport.	750	150	900	
9.	Contingencies	150	73	223	
10.	Bank charges	60	-	60	
11.	Purchase of automobiles	1,000	-	1,000	
12.	Maintenance and repairs of office premises	300	1,000	1,300	
13.	Acquisition of household furniture	50	-	50	
14.	Uniforms for drivers and messengers	200	90	290	
15.	Depreciation of cars	1,285	-	1,285	
		8,650	2,713	11,363	11,363
	TOTALS	57,300	9,700	67,000	67,000

OUTGOING TELEGRAM

Department of State